

**January 2017:** These are questions and answers that have come out of the consultation and are in addition to those we've already sent you.

### General

#### **Q1) Will RHP arrange a homeowner specific event?**

Regular resident only drop-in meetings are currently being arranged which will be an opportunity for homeowners to speak 121 with representatives from RHP. If there is still a group of homeowners who would find a specific event useful in addition to the drop-in sessions and the answers to these questions, RHP will be happy to hold one.

#### **Q2) Will RHP offer homeowners the use of an independent advisor?**

The valuation process for the homeowner property is explained in the RHP customer offer issued in autumn 2016 which is in line with statutory requirements. When RHP starts to negotiate the buying of homeowner's properties it is offering to pay for the homeowners own valuation by a qualified RICS surveyor. There is no proposal to appoint a further independent advisor.

#### **Q3) How much profit will RHP and LBRuT make from this redevelopment?**

RHP is a not-for-profit organisation. Based upon current viability assessment the scheme will not generate any surplus and will require subsidy to deliver it.

#### **Q4) What is the timeline for the proposed redevelopment?**

A planning application is expected to be made in late 2017 / early 2018 with the development unlikely to start on site before late 2018.

### Valuations

#### **Q5) Are there other ways to agree market values and is there a structure to the values (e.g. central heating worth £x etc.)**

The valuation will be the Open Market Value (OMV) in a 'no scheme world', i.e. without taking into account any adjustment to value on the basis of redevelopment. OMV takes into account improvements and condition etc of individual properties based on an inspection.

#### **Q6) What happens if I don't agree with RHP's valuation?**

RHP is seeking to buy properties by negotiation and agreement. We'll approach you to buy your home with a price supported by a proper valuation from a qualified RICS surveyor. If you disagree with that price then you can appoint your own qualified surveyor to advise you and to provide a price and we'll meet the reasonable costs of this. We'll review what your surveyor says and if we cannot agree a price, but you have agreed you are willing in

principle to sell, we would jointly appoint a third surveyor at RHP's cost to propose a final price taking account of the earlier two valuations.

#### **Q7) Can I have my home valued now, to give me an idea of price?**

At this early stage of the scheme RHP will be obtaining 'desk top' valuations of all properties but these will be average values and will not involve inspections or adjustments based on condition, improvements, etc. If you wish, homeowners can get your homes valued now at your own cost.

#### **Q8) How will new homes be valued? What if homeowners disagree with the purchase price of the new home?**

The price of the shared equity homes will be determined using a similar method to that used to price the market sale housing. RHP will endeavour to agree these prices with homeowners wishing to purchase the properties and will need to ensure that the prices charged are those which would be achieved if sold on the open market.

#### **Q9) What is a CPO?**

A CPO is a Compulsory Purchase Order. A Compulsory Purchase Order is a statutory mechanism that a council and certain other public bodies can use in certain circumstances that enables property to be bought from its owner whether they want to sell or not. Where a property is acquired under a CPO the owner is paid a price calculated in accordance with the legal requirements for CPOs. There is currently no CPO for Ham Close and RHP would try to acquire any property required for the Ham Close regeneration scheme by agreement with the owner. It is possible that a CPO could be put in place at a later date.

#### **Q10) Will you buy my home now?**

The scheme is at an early stage and RHP does not yet require the properties. However it will assess early acquisition on a case by case basis. If you would like to sell your home please contact us at [Ham.Close@rhp.org.uk](mailto:Ham.Close@rhp.org.uk).

### Shared equity/ customer offer

#### **Q11) Is the current offer below Government Guidelines?**

The current offer meets all statutory compensation guidelines.

#### **Q12) What is shared equity?**

Shared equity would give residents an opportunity to purchase a property which is of a higher value than their current home. If a homeowner was unable to purchase the property outright RHP would retain a share in it until such time as the homeowner purchased the remainder of the property or sold the property. The homeowner would not

be required to pay interest or rent on the value of the share that RHP owned. RHP (and the homeowner) would have a long term investment that may appreciate in value.

**Q13) Can I downsize and own a bigger share or all equity?**

If a smaller property meets your needs you could downsize and own more equity or the whole property.

**Q14) Can homeowners be offered shared equity if they want to upsize?**

Homeowners can buy a bigger property at full market value (as per the RHP Ham Close customer offer issued in autumn 2016).

**Q15) Who would be eligible to buy properties for sale?**

These would be offered on the open market.

**Q16) Can homeowners pass on their equity share? (E.g. as part of inheritance)**

The benefit of the shared equity product RHP is offering without interest or rent being payable on the unsold share would not pass on. Should the resident homeowner pass away then, in certain circumstances, dependent close relatives living in the property may be permitted to inherit the shared equity offer, particularly where the dependent might otherwise be made homeless. Resident owners will be expected to apply to RHP and name potential successors in advance. If the shared equity offer was not transferred then whoever inherits your flat would benefit from your share of the equity and would be able to choose to purchase RHP's share and stay in the flat or to sell the flat and take their share.

**Q17) What if there is negative equity when I sell my new home? Do I have to pay RHP back the full initial sum?**

If you decide to sell the new property you would keep your share of the proceeds and RHP would keep its share. Any increase or decrease in value that may have occurred during your ownership of the property would be shared between you and RHP according to the proportion of equity owned by each party. So if you own 75% of the property you would get 75% of the value at the time of the sale – so if the value has decreased the value of your share will also have decreased.

**Q18) What guarantees are there for Shared Equity if RHP go into liquidation/sell or change their minds? Can rent then be charged on equity?**

The homeowner and tenant offer is for current homeowners and our intention is that this will be a legally binding agreement between RHP and the individual homeowners of Ham Close at the time of the redevelopment. The intention is that this agreement could then only be varied in the future by another legal process which was agreed between RHP (or successor body) and the individual homeowners and tenants of Ham Close. This would be the case if RHP was in existence or not in the future. RHP is a registered provider and no registered provider has ever gone into liquidation. The current offer will not apply to future homeowners of Ham Close.

**Q19) Can I rent out my shared equity property?**

If you currently sublet your property on Ham Close you will be able to rent out the new property in a similar way.

**Q20) Why can I not be given the difference in values, as Merton Priory offered their Homeowners?**

We want to make an appropriate offer to homeowners that enables those who want, to remain as part of the local community. In making these offers to homeowners we do bear in mind what they would receive if a CPO was in place as well as trying to make an offer that is fair to homeowners.

**Q21) What if I don't agree with the Customer Offer? Can I refuse?**

We believe that the proposed scheme will benefit the majority of Ham Close residents. Two offers are being made to homeowners: to either sell the property to RHP and move elsewhere or to accept a property on the new development on terms of shared equity as appropriate. If you refuse both options RHP would need to consider asking one of its partners to use compulsory purchase as a method of last resort in order for redevelopment to proceed.

**Q22) What rights will I have or lose as a shared equity homeowner?**

You'll be able to sell, sublet and leave your flat to someone when you die as you can now – except that if you have taken a shared equity lease, the benefit of the share that RHP retains can only be passed down in certain circumstances but the value of the equity would not be lost.

**Q23) What costs are included in the disturbance payment?**

In addition to the home loss payment you'll be entitled to claim for certain reasonable costs associated with moving home, selling your existing property to RHP and purchasing a new home. Costs can include but are not restricted to:

- › Removal expenses
- › Legal fees arising from the sale of your property and the acquisition of a replacement property
- › Surveyor fees arising from the acquisition of a replacement property
- › Re-direction of mail
- › Alterations to furnishings, e.g. curtains
- › Disconnection and re-connection of services and appliances
- › Moveable fixtures and fittings
- › Special adaptations assessed as required in the new property
- › Stamp Duty
- › In some limited circumstances we may pay mortgage redemption and arrangement fees.

**Q24) What happens if a homeowner wants to sell on the open market?**

Homeowners are at liberty to sell on the open market. The scheme is at an early stage and RHP does not yet require the properties. However it will assess early acquisition on a case by case basis so if you would like to sell your home please contact us at [Ham.Close@rhp.org.uk](mailto:Ham.Close@rhp.org.uk).

**Q25) When RHP come to buy the homeowner's home through the normal process (or CPO process), will RHP remove any of the compensation in the Customer offer (i.e. Disturbance, market value & 10% Home Loss Payment), or is it guaranteed to be the same?**

If RHP buys the homeowner's home by agreement (rather than CPO) as part of the scheme when it is further progressed it will pay in accordance with the customer offer. If the home is acquired through a CPO statutory compensation and disturbance will be paid. If a homeowner requests early acquisition before the scheme is confirmed this will be considered on a case by case basis and will be as if sold on the open market, i.e. at an agreed open market value only.

**Q26) Can I stay on the same part of Ham Close as I am now? (even if this means a double move)**

The new development will be of a completely different design to the current layout and will be phased to try to achieve only one move for residents wishing to stay on Ham Close. The exact location of your new home would depend on the phasing arrangements for construction. We cannot guarantee you will end up in the same spot as you are now.

**Q27) What is the criteria for choosing who gets which flat?**

New properties would be available for purchase on a shared equity basis in advance of their completion – i.e. 'off-plan', in line with the development's phasing. This would mean that new homes would be released for purchase only to those existing homeowners in the following scheme phase. Properties would be allocated in a similar way as if they were being bought on the open market. Therefore it would be for homeowners to apply for the property that they wished to buy on the property's release and the properties would be sold on a first-come-first-served basis in accordance with the allocated property type (e.g. one, two or three bedroom). However, unlike buying on the open market, RHP would ensure that every homeowner who had chosen the option of a replacement property on the development would be able to purchase one, either by outright sale or shared equity as appropriate. Each phase would provide replacement properties for the homeowners in the next demolition phase who had confirmed they wish to remain on Ham Close rather than sell their property to RHP and move away.

**Q28) Will homeowners have a choice of kitchen units / carpets / colour schemes?**

Homeowners will be able to choose kitchen units/flooring/colour schemes within a range.

**Q29) What are the bathroom and kitchen specs for homeowners?**

It is likely these will follow RHP's standard specifications for new build housing but as the scheme is still at a very early stage this is still to be confirmed.

**Q30) What will be ground rent costs/ service charges?**

The project is still in its early stages and there is no detailed scheme design yet on which to calculate service charges. The design will be subject to engagement and consultation throughout its development and the intention will be to minimise service charge costs for replacement homes for existing homeowners.

**Q31) I need more information on the build /construction quality.**

New homes will be built in accordance to the design and construction standards in force at the time the development is built.

**Q32) Are shared equity mortgages difficult to get and would the mortgage interest rates be higher?**

Many high street lenders (i.e. banks and building societies) offer mortgages for shared ownership and shared equity products with rates varying between different mortgage providers. We suggest in the first instance that homeowners contact their current mortgage provider to discuss products and their rates.

**Q33) I've been told I cannot get a mortgage if there are less than 25% homeowners in the block. Is this true?**

Many high street lenders (i.e. banks and building societies) offer mortgages for residents buying within council or housing association owned blocks of flats and there are many examples of blocks with less than 25% homeowners. We suggest in the first instance if homeowners have concerns that they raise this query with their current mortgage provider.

**Q34) Will there be a sinking fund for homeowners?**

Sinking funds are sometimes used to build up funds for future major works but they are generally paid into by homeowners as part of the service charge arrangements. The management arrangements for the new build properties have not yet been decided upon nor have the service charge arrangements. It is possible that there could be arrangements for sinking funds paid into by homeowners as part of their service charge but it is likely if these did exist they would apply only in blocks which are intended to be entirely occupied by homeowners.

## Non-resident landlords

**Q35) What are the Capital Gains Tax implications for selling? Can these be 'rolled over'?**

RHP's understanding is that rollover relief is only possible where there is a CPO.

**Q36) What happens to my tenants during regeneration?**

When you sell to us assuming you agree to do so you'll sell with vacant possession and that means you'll be responsible for ending the tenancy of your tenant(s) to ensure your property is empty. If you accept the offer of a shared equity property and you currently sublet your property on Ham Close you will be able to rent out the new property in a similar way.

**Q37) If I cannot let out my home during construction will I be compensated?**

There is no requirement for compensation to be paid to owners or occupiers of properties that neighbour construction works.

**Q38) Are buy-to-let mortgages available on a shared equity basis?**

There are two options being offered to landlord homeowners: Acquisition and compensation or a replacement property on the terms as stated within the Customer Offer. We suggest in the first instance if homeowners have concerns that they raise this query with their current mortgage provider.